

ABN 46 106 304 787

ANAX METALS LIMITED
CONDENSED INTERIM FINANCIAL REPORT
31 December 2022

CORPORATE DIRECTORY

DIRECTORS

Mr Phillip Jackson Non-Executive Chairman
Mr Geoff Laing Managing Director
Mr Peter Cordin Non-Executive Director
Mr Phil Warren Non-Executive Director

COMPANY SECRETARY

Mr Steven Wood

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ASX CODE

ANX

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DIRECTORS' REPORT
31 December 2022

Your Directors submit their report for the half-year ended 31 December 2022.

DIRECTORS

The names of the Directors of Anax Metal Limited ("the Company") and its controlled entities ("the Group") during the whole of the financial half-year and up to the date of this report are:

Mr Phillip Jackson (Chairman)
Mr Geoff Laing (Managing Director)
Mr Peter Cordin (Director)
Mr Phil Warren (Director)

PRINCIPAL ACTIVITIES

The principal activities of the Group are mineral exploration and development, and if appropriate, acquiring either directly or indirectly exploration and mine development projects worldwide.

OPERATING RESULTS

The operating loss after tax for the half-year ended 31 December 2022 was \$1,396,931 (2021: Operating profit - \$2,354,256).

DIVIDENDS

No dividends were paid during the half-year and the Directors do not recommend the payment of a dividend.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as described in the Review of Operations section of the Directors' Report, there were no other significant changes in the state of affairs of the Group during the half-year.

DIRECTORS' REPORT

REVIEW OF OPERATIONS

Whim Creek Copper-Zinc-Lead Project (ANX 80%, DVP 20%)

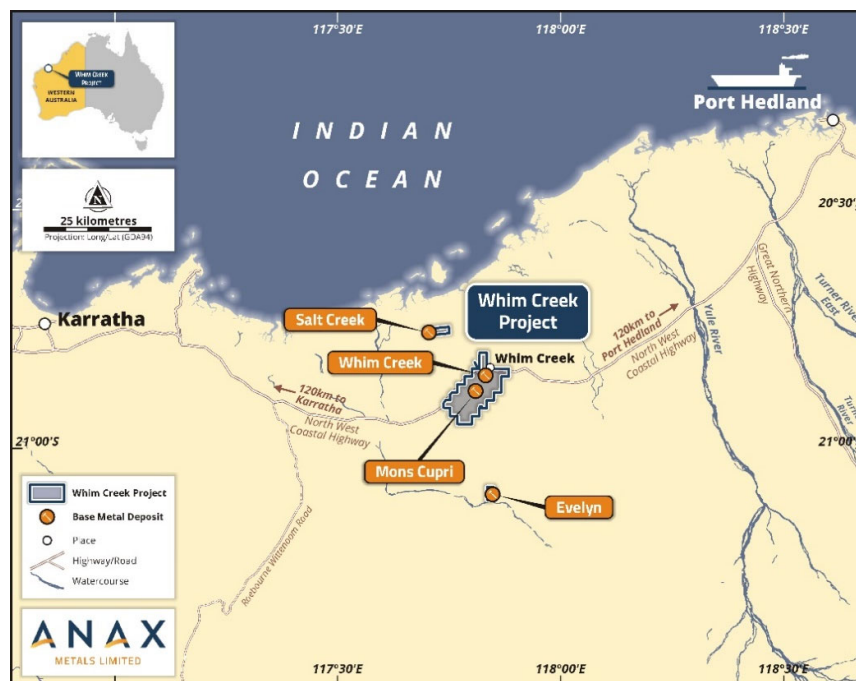


Figure 1: Whim Creek Project Location Plan

The Whim Creek Project is strategically located in the West Pilbara Region of northern Western Australia, accessible via major arterial roads, port and rail facilities - see Figure 1.

Four JORC-2012 Mineral Resource Estimates (“MREs”) for copper and zinc have been defined at Whim Creek Project, namely Mons Cupri, Whim Creek, Salt Creek and Evelyn. The Group continued to advance the Project during H2, 2022, with increased JORC-2012 MREs at Salt Creek and Evelyn and multiple workstreams underway to complete a Definitive Feasibility Study (“DFS”) in Q1, 2023. ¹

Whim Creek exploration drilling commenced at multiple prospects in July 2022 and included 2 reverse circulation (“RC”) holes designed to intercept mineralisation down-dip of defined resources at Evelyn Prospect, located 25km south of Whim Creek. Massive sulphides in RC chips were assayed, confirming the high-grade nature of the Evelyn mineralisation, as follows: ^{8, 10}

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

22AER005B: 13m @ 4.46% Cu, 3.10% Zn, 45 g/t Ag and 1.61 g/t Au from 204m⁸

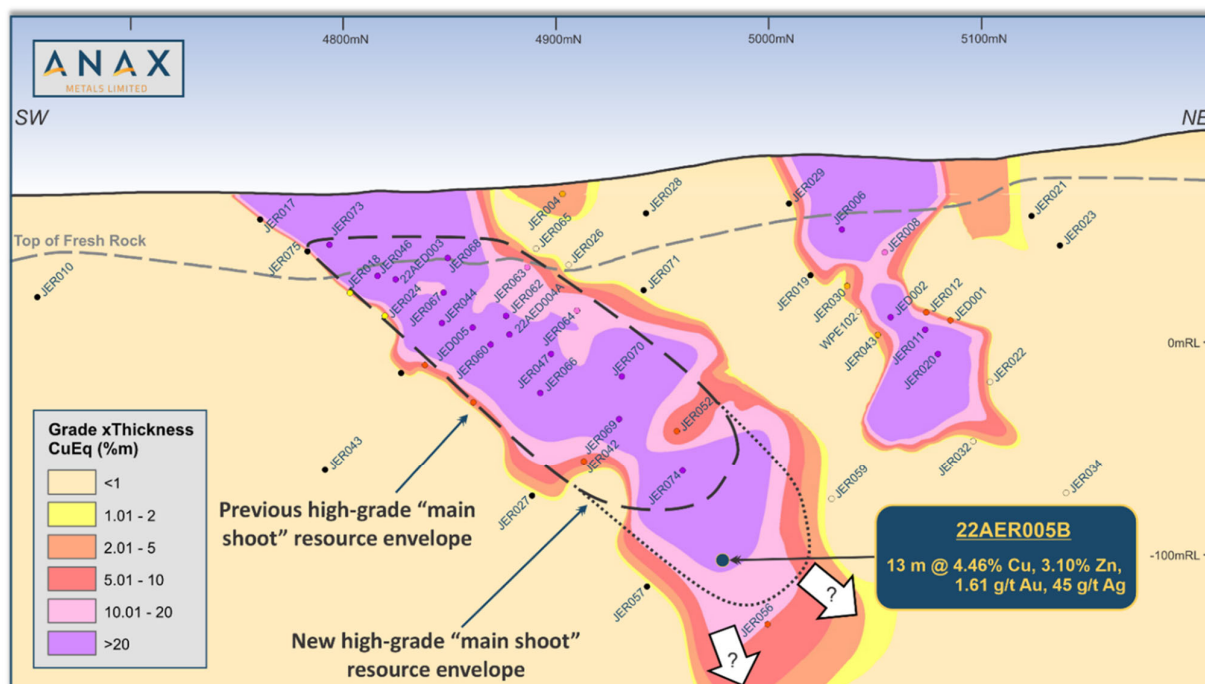


Figure 2: Section showing Evelyn Mineral Resource Extension⁸

With these results, the Evelyn MRE was extended (see Figure 2 and Table 1), representing a 24% increase in contained copper, 19% increase in zinc, 30% increase in contained gold and 26% increase in contained silver.⁸

Table 1: Evelyn Deposit Mineral Resource Estimate by Classification (no cut-off)⁸

Classification	kTonnes	Cu %	Zn %	Au ppm	Ag ppm
Measured	-	-	-	-	-
Indicated	470	2.47	3.97	1.00	42
Inferred	120	2.84	3.62	0.92	37
TOTAL Resources	590	2.54	3.90	0.98	41
Contained T/Oz		Cu T	Zn T	Au oz	Ag oz
		14,900	22,800	18,500	778,600

Note: Appropriate rounding applied

Mineralisation at Evelyn remains open at depth and further exploration drilling is planned for 2023 to extend the MRE down dip, as well as to follow up untested electromagnetic targets along strike.^{1,8}

A database audit conducted in August 2022, resulting in a significant increase to the Salt Creek JORC-2012 MRE with Indicated Resource tonnes up by over 80% and contained copper increasing by 99%. Once again, mineralisation remains open at depth.⁹

Updated Salt Creek MREs, classified by the dominant metal in zoned mineral domains, are as follows:

Copper Domain: 1.72 Mt @ 1.73% Cu (Cu ≥ 0.80%, Zn < 2.50%)

Zinc Domain: 1.03 Mt @ 8.86% Zn, 2.70% Pb, 63 g/t Ag and 0.33 g/t Au (Zn ≥ 2.50%)⁹

Whim Creek Project Global MREs have been updated following the increases in Evelyn and Salt Creek MREs, see Tables 2 and 3.^{3,8,9}

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

Table 1: Whim Creek Project Global Copper Dominant Mineral Resource Estimates ^{3,8}

Deposit	Classification	k Tonnes	Cu %	Zn %	Pb %	Ag ppm	Au ppm
Mons Cupri (Cu ≥ 0.4%)	Measured	990	1.62	1.42	0.61	38	0.28
	Indicated	3,130	0.84	0.47	0.20	16	0.09
	Inferred	400	0.60	0.22	0.10	10	0.03
Salt Creek (Cu ≥ 0.8% & Zn < 2.5%)	Measured	-	-	-	-	-	-
	Indicated	1,070	2.03	0.23	0.03	4	0.08
	Inferred	650	1.25	0.28	0.04	4	0.05
Whim Creek (Cu ≥ 0.4%)	Measured	-	-	-	-	-	-
	Indicated	1,750	1.10	0.63	0.16	6	0.04
	Inferred	660	0.56	0.17	0.08	2	0.02
Evelyn (No Cut-off)	Measured	-	-	-	-	-	-
	Indicated	440	2.40	3.89	0.30	40	0.95
	Inferred	110	1.31	1.80	0.14	15	0.19
COMBINED	Measured	990	1.62	1.42	0.61	38	0.28
	Indicated	6,420	1.23	0.73	0.17	13	0.14
	Inferred	1,830	0.96	0.44	0.08	7	0.09
TOTAL Cu Resources		9,240	1.22	0.75	0.20	15	0.15
Contained T/Oz			Cu T	Zn T	Pb T	Ag oz	Au oz
			112,000	69,000	18,000	4,330,000	43,700

Note: Appropriate rounding applied.

Table 2: Whim Creek Project Global Zinc Dominant Mineral Resource Estimates (various cut-offs used) ^{3,8}

Deposit	Classification	k Tonnes	Cu %	Zn %	Pb %	Ag ppm	Au ppm
Mons Cupri (Zn ≥ 2.0% & Cu < 0.4%)	Measured	70	0.16	4.56	1.79	53	0.23
	Indicated	340	0.09	3.56	1.01	38	0.07
	Inferred	150	0.08	4.84	1.96	27	0.04
Salt Creek (Zn ≥ 2.5%)	Measured	-	-	-	-	-	-
	Indicated	770	0.58	9.91	2.97	73.16	0.39
	Inferred	255	0.53	5.70	1.88	31.43	0.14
Whim Creek (Zn ≥ 2.0% & Cu < 0.4%)	Measured	-	-	-	-	-	-
	Indicated	120	0.12	3.22	0.44	12	0.08
	Inferred	45	0.13	2.46	0.40	9	0.04
COMBINED	Measured	70	0.16	4.56	1.79	53	0.23
	Indicated	1,230	0.40	7.55	2.20	58	0.27
	Inferred	450	0.34	5.07	1.75	27	0.10
TOTAL Zn Resources		1,750	0.37	6.75	2.05	50	0.22
Contained T/Oz			Cu T	Zn T	Pb T	Ag oz	Au oz
			7,000	118,000	36,000	2,790,000	12,600

Note: Appropriate rounding applied.

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

High-grade resource extensions for Evelyn and Salt Creek warranted underground mining studies at DFS level for the two satellite deposits. Post year-end, the Group announced the completion of underground mining and metallurgy studies for Evelyn to be included in the Whim Creek DFS, due to be finalised in mid-March 2023.^{1,5}

Open pit mine designs for Mons Cupri and Whim Creek MREs, process plant designs, metallurgical test work, infrastructure refurbishment plans, and in-pit tailings storage design work are complete. The Mons Cupri Mining Proposal has been approved and the Works Approval for refurbishment and reactivation of the heap leach facility is in place, ensuring that the DFS remains on track for publishing during Q1, 2023.^{3,5}

The Environmental Protection Notice ("EPN") issued in July 2019 is expected to be lifted shortly, as all conditions of the EPN have been met and ongoing monitoring will be managed under the granted Works Approval.⁵

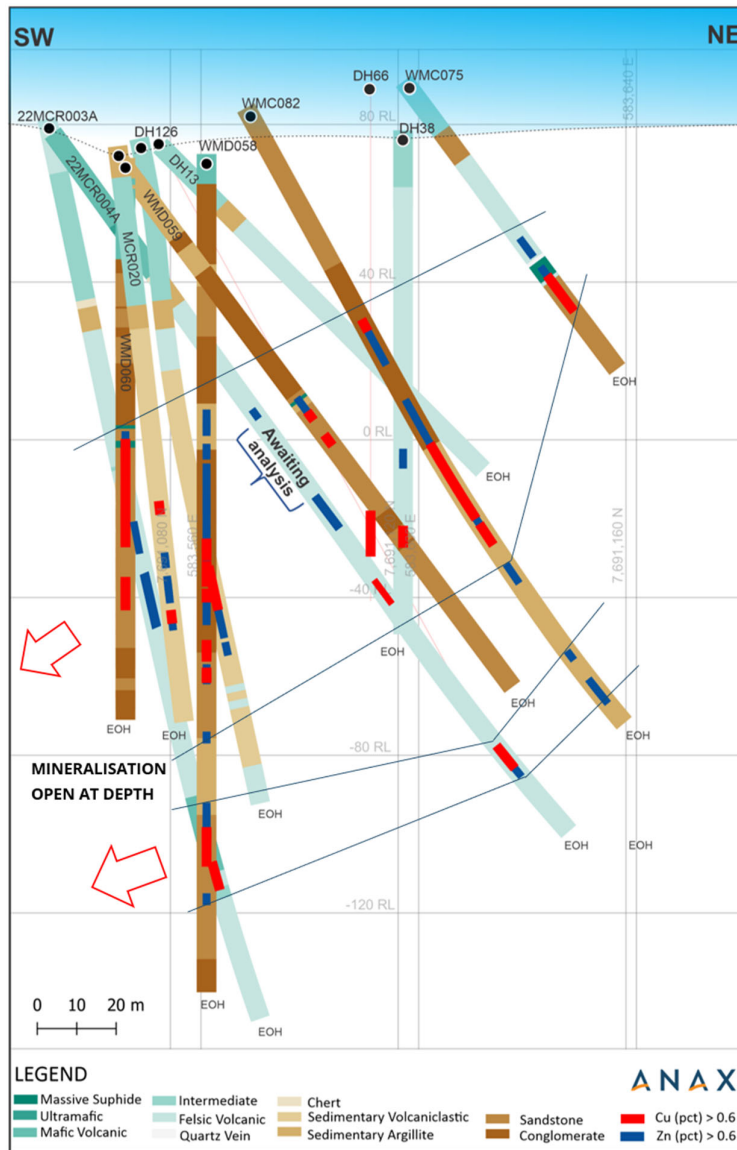


Figure 3: Section showing Mons Cupri NW mineralised intervals²

Further exploration RC drilling during H2,2022, targeted down dip extensions at Mons Cupri Northwest intersecting:
22MCR003A: 12m @ 2.76 % Zn from 116m and
22MCR004A: 7m at 2.52 % Zn and 51 g/t Ag from 114m with further assays pending.²
 Mineralisation remains open at depth, warranting deeper drilling during future exploration campaigns.²

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

East of Whim Creek pit, shallow extensions to known mineralisation included **22WCRC005A: 3m @ 1.2% Zn and 1.3% Pb from 20m**. Potential new zones of mineralisation were intersected in 22WCRC007 with **4m at 0.5% Cu from 79m and 2m at 0.7% Cu from 96m**.²

10 RC holes were drilled at HLF Gold Prospect, where an UltraFine+™ gold-in-soil anomaly, located east of the heap leach, was confirmed by rock chip samples of up to 4g/t Au. Drilling highlights included:

- 22HRC006: 1m @ 1.67g/t Au at 16m**
- 22HRC007: 4m @ 0.41g/t Au from 9m**
- 22HRC008: 3m @ 0.42g/t Au from 22m**²

Multiple intercepts over 0.1g/t Au along each of the three drill lines, spaced 100m apart, confirmed a **strike extent of 200m** in a NE direction and mineralisation to depths of 141m (22HRC007: 0.12g/t Au). Deeper infill drilling is planned for future exploration drilling campaigns to pinpoint the structural controls to gold mineralisation at HLF.²

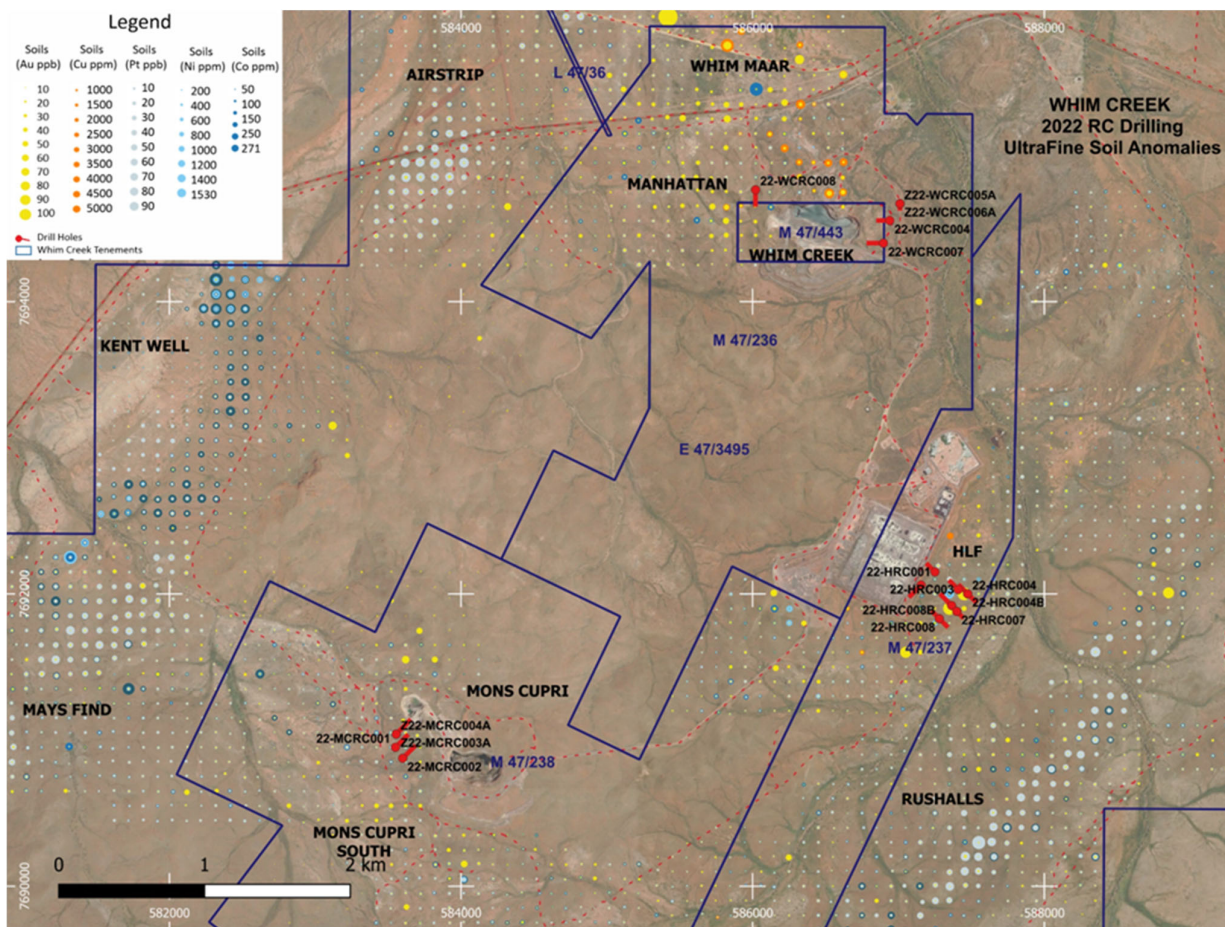


Figure 4: H2, 2022 Exploration RC drillhole locations (red) and UltraFine+ geochemical soil anomalies²

Other exploration work at Whim Creek included UltraFine+ soil sampling and rock chip sampling to extend known geochemical anomalism to the south of Mons Cupri and north of HLF. Numerous geochemical anomalies warrant investigation by drilling (see Figure 4) and heritage surveys have been planned to enable drill rig access.

The Group's 100%-owned Exploration Tenure

Loudens Patch tenement (E47/4281), lies adjacent to the east of the Whim Creek Project on ground formerly held by De Grey. UltraFine+™ gridded soil sampling was extended during H2, 2022, as sampling in 2021 had generated gold and lithium anomalies along a north east trending fold structure. Gold-in-soil anomalism was verified by rock chip sampling up to 0.43g/t Au. Further rock chip sampling will define future exploration drilling targets.

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

Mount Short Project (E74/651), located 25km north of Ravensthorpe, covers agricultural land, part of the Western Australian Wheatbelt. 2021 soil and rock chip sampling generated rare earth element ("REE") anomalism associated with aeromagnetic features that extend for 20km in a north-westerly direction across the tenement. The lack of outcrop necessitates auger drilling to follow up the REE anomalism and the Group is communicating with landholders to secure access for this work.

Advanced Project Procurement Plan

The Group continues to pursue projects that would complement its project portfolio via its strategy to acquire, develop and monetise assets that are amenable to the integration of smart ore sorting technology. The binding Anglo American Royalty, Project Funding and Offtake transaction is a key step in this process. Commodity marketing advisory company, Conrad Partners, which helped to facilitate the agreement, continues to be a key advisor to the Group.

Corporate

Loan Agreement

The Company entered into an unsecured loan note agreement totalling \$2,500,000 with its largest shareholder, Jetosea Pty Ltd ("Jetosea"). The loan note agreement has various terms from 1 year to 2 years and enables the Company to complete the DFS and attain development funding, while minimising dilution for shareholders.⁴

Interest on the Principal Sums is payable by the Company on a quarterly basis in arrears, at the rate of 6% per annum. 30,000,000 Company unlisted equity options were issued to Jetosea pursuant to the loan note agreement, which were valued at \$540,658, using the Black Scholes valuation method.

Equity

As stated above, 30,000,000 Company unlisted equity options were issued to Jetosea pursuant to the loan note agreement. The options were valued at \$540,658 at issue date, using the Black Scholes valuation method. Their terms are listed below.

Class	Number	Exercise Price	Issue Date	Expiry Date	Vested (Yes/No)	Value per option
ANXOPT09	15,000,000	\$0.08	13 Dec 2022	13 Dec 2024	Yes	\$0.0144
ANXOPT10	15,000,000	\$0.12	13 Dec 2022	13 Dec 2025	Yes	\$0.0216
TOTAL	30,000,000					

**The options vested immediately and are now able to be converted into Anax Metals Limited shares at the holder's election, prior to their expiry, as per their terms.*

Other movements in equity are detailed in the notes to the Consolidated Condensed Financial Statements.

Financial investments

During the period, the Group continued to divest of its listed shares portfolio, which generated cash of \$1,140,393 in the Group's Consolidated Condensed Statement of Cashflows and profit of \$200,000 in the Group's Consolidated Condensed Statement of Comprehensive Income.

The Group's listed financial investments (valued at closing market prices at 31 December 2022) are held for sale, and summarised as follows:

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

Investment	Code	Type	Number	Unit Value	Total Value
Xantippe Resources Ltd	XTC	Shares - Listed	171,295,270	\$0.005	\$856,476

Other income

The Group received a refund payment of \$282,311 from the Australian Tax Office in January 2023, related to the Group's R&D offset claim for the financial year ended 30 June 2022.

Competent Persons Statement

The information in this report that relates to Exploration Results is based on and fairly represents information compiled by Ms Wendy Beets. Ms Beets is a full-time employee and shareholder of Anax Metals Limited and member of the Australian Institute of Geoscientists. Ms Beets has sufficient experience of relevance to the style of mineralisation and types of deposits under consideration, and to the activities undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Ms Beets consents to the inclusion in this report of the matters based on information in the form and context in which they appear.

The information in this report that relates to Mineral Resources for the Whim Creek Deposit is based on and fairly represents information compiled by Mr Andrew McDonald (an employee and shareholder of Anax Metals Limited) and Mr Lauritz Barnes, (Consultant with Trepanier Pty Ltd). Mr McDonald is a member of the Australian Institute of Geoscientists and Mr Barnes is a member of both the Australasian Institute of Mining and Metallurgy and the Australasian Institute of Geoscientists. Mr McDonald and Mr Barnes have sufficient experience of relevance to the styles of mineralisation and types of deposits under consideration, and to the activities undertaken to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Specifically, Mr McDonald is the Competent Person for the database (including all drilling information and mined depletion), the geological and mineralisation models plus completed the site visits. Mr Barnes is the Competent Person for the geological and mineral resource models, plus the estimation. Mr McDonald and Mr Barnes consent to the inclusion in this report of the matters based on information in the form and context in which they appear.

References

The information provided in this report is extracted from the following Announcements:

1. Evelyn Underground Mining and Metallurgy Studies Finalised as DFS Nears Completion, 20 February 2023
2. Exploration Drilling Update, 7 February 2023
3. Quarterly Activities and Cashflow Report, 16 January 2023
4. Loan Agreement, 7 December 2022
5. Whim Creek Copper Project – Permitting and DFS Update, 24 November 2022
6. Quarterly Activities and Cashflow Report, 24 October 2022
7. Company Presentation, 10 October 2022
8. Evelyn Extended with Excellent Cu, Zn & Au Intersection, 4 October 2022
9. Significant Increase for Salt Creek Resource, 12 September 2022
10. Massive Sulphides Intersected at Evelyn, 6 September 2022
11. Anax Leading Future Battery Minerals Research, 15 August 2022
12. High Grade Gold in Rock Chips, Exploration Drilling Begins, 11 July 2022
13. Re-compliance Prospectus, 18 September 2020

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

JORC (2012) Mineral Resource estimates for the Whim Creek Project referenced in this report are set out in the Group's Re-compliance Prospectus dated 18 September 2020 and the Group's announcement to the ASX of 4 October 2022. The Group confirms that it is not aware of any new information or data that materially affects the information included in

the Announcements. The Group confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the Announcements.

ROUNDING OF AMOUNTS

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' report and in the Consolidated Condensed Financial Statements have been rounded to the nearest dollars, or in certain cases, to the nearest one thousand dollar (where indicated).

MATTERS SUBSEQUENT TO THE END OF THE HALF-YEAR

On 20 January 2023 the Group received \$282,311 from the Australian Tax Office related to the Group's refundable R&D offset claim for the financial year ended 30 June 2022. R&D revenue is recognised when there is reasonable assurance that the grant will be received, which is taken to be on receipt of the grant.

The Directors are not aware of any other matters or circumstances that have arisen since the end of the half-year which significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the lead auditor's independence declaration as required by Section 307c of the *Corporations Act 2001* is included within the Financial Report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

Signed in accordance with a resolution of Directors:



Geoff Laing
DIRECTOR
Perth, 08 March 2023

CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

		Consolidated	
		31 December 2022	31 December 2021
	Note	\$	\$
Other Income	3(i)	82,470	3,647,955
Administration expenses	3(ii)	(1,422,874)	(1,155,365)
Exploration and evaluation expenditure		(56,527)	(138,334)
(Loss) / Profit before tax		(1,396,931)	2,354,256
Income tax expense		-	-
(Loss) / Profit for the half-year from continuing operations		(1,396,931)	2,354,256
Other comprehensive income / (expenses)		-	-
Total comprehensive (Loss) / Income for the half-year		(1,396,931)	2,354,256
Basic (loss) / profit per share (cents per share)		(0.34)	0.67
Diluted (loss) / profit per share (cents per share)		(0.34)	0.57

The accompanying notes form part of these Consolidated Condensed Financial Statements.

CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

		Consolidated	
	Note	31 December 2022 \$	30 June 2022 \$
Current Assets			
Cash and cash equivalents		4,369,821	7,319,066
Trade and other receivables		381,668	344,753
Financial assets at fair value through profit or loss	3	228,681	1,287,700
Total current assets		4,980,170	8,951,519
Non-Current Assets			
Right of use assets		122,769	131,478
Plant and equipment		509,275	543,029
Exploration and evaluation assets	4	33,307,365	30,517,350
Total non-current assets		33,939,409	31,191,857
Total assets		38,919,579	40,143,376
Current Liabilities			
Trade and other payables		687,765	1,785,472
Employee benefits		104,307	124,417
Lease liabilities		68,328	59,554
Other provisions	5	3,386,089	3,401,276
Financial liabilities	6	1,734,378	986,586
Total current liabilities		5,980,867	6,357,305
Non-current Liabilities			
Lease liabilities		55,763	82,191
Financial liabilities	6	2,045,782	1,820,517
Provision for rehabilitation	7	12,790,504	13,171,792
Total non-current liabilities		14,892,049	15,074,500
Total liabilities		20,872,916	21,431,805
Net Assets		18,046,663	18,711,571
Equity			
Issued capital	8	48,987,531	48,886,055
Reserves		7,049,418	6,424,571
Accumulated losses		(37,990,286)	(36,599,055)
Total Equity		18,046,663	18,711,571

The accompanying notes form part of these Consolidated Condensed Financial Statements.

CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Issued Capital	Accumulated Losses	Share-based Payments	Total
CONSOLIDATED	\$	\$	\$	\$
At 1 July 2021	44,658,050	(38,083,604)	6,307,188	12,881,634
Profit for the half-year	-	2,354,256	-	2,354,256
Other comprehensive income for the half-year	-	-	-	-
Total comprehensive income for the half-year	-	2,354,256	-	2,354,256
Transactions with owners in their capacity as owners:				
Share based payments during the half-year	-	-	114,698	114,698
Issue of share capital during the half-year	381,155	-	-	381,155
Option exercised during the half-year	6,751	-	(6,751)	-
At 31 December 2021	45,045,956	(35,729,348)	6,415,135	15,731,743
At 1 July 2022	48,886,055	(36,599,055)	6,424,571	18,711,571
(Loss) for the half-year	-	(1,396,931)	-	(1,396,931)
Other comprehensive income for the half-year	-	-	-	-
Total comprehensive (loss) for the half-year	-	(1,396,931)	-	(1,396,931)
Transactions with owners in their capacity as owners:				
Share based payments during the half-year	-	-	700,397	700,397
Expense relating to issue of share capital during the half-year	(2,874)	-	-	(2,874)
Options expired without vesting during the half-year	-	5,700	(5,700)	-
Options exercised during the half-year	42,550	-	(8,050)	34,500
Performance rights exercised during the half-year	61,800	-	(61,800)	-
At 31 December 2022	48,987,531	(37,990,286)	7,049,418	18,046,663

The accompanying notes form part of these Consolidated Condensed Financial Statements.

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Consolidated	
	31 December 2022	31 December 2021
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(1,191,782)	(1,004,010)
Payments for exploration expenditure	(56,527)	(138,333)
Interest received	1,094	50
	<u>(1,247,215)</u>	<u>(1,142,293)</u>
Net cash outflow from operating activities		
Cash flows from investing activities		
Investment in Whim Creek Project	(1,398,968)	-
Payments for purchase of plant & equipment	(25,500)	(95,917)
Receipts from sale of financial assets	1,140,393	3,447,354
Payments for exploration expenditure capitalised	(3,805,229)	(3,727,577)
	<u>(4,089,304)</u>	<u>(376,140)</u>
Net cash outflow from investing activities		
Cash flows from financing activities		
Proceeds from issue of shares and options	34,500	121,500
Share issue costs	(4,799)	-
Proceeds from borrowings	2,460,000	-
Repayment of borrowings	(61,335)	-
Payments of lease liabilities	(41,092)	(26,523)
	<u>2,387,274</u>	<u>94,977</u>
Net cash inflow from financing activities		
Net decrease in cash held	(2,949,245)	(1,423,456)
Cash at the beginning of the half-year	7,319,066	6,701,296
Effect of FX movement	-	2,979
	<u>4,369,821</u>	<u>5,280,819</u>
Cash at the end of the half-year		

The accompanying notes form part of these Consolidated Condensed Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 1: CORPORATE INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

The condensed interim financial report of Anax Metals Limited (“the Company”) and its controlled entities (“the Group”) for the half-year ended 31 December 2022 was authorised for issue in accordance with a resolution of the Directors on 8 March 2023. Anax Metals Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and the principal activities of the Group are described in the Directors’ Report.

This condensed interim financial report does not include full disclosures of the type normally included in an annual financial report. It is recommended that this condensed interim financial report is to be read in conjunction with the annual financial report for the year ended 30 June 2022 and any public announcements made by Anax Metals Limited during the half-year in accordance with the continuous requirements of the *Corporations Act 2001*.

a) Basis of Preparation

These Consolidated Condensed general purpose Financial Statements for the half-year ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134: *Interim Financial Reporting* (“AASB 134”) and the *Corporations Act 2001*. Compliance with AASB134 ensures compliance with International Financial reporting Standard IAS 34 *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The Consolidated Condensed Financial Statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of certain financial assets.

The Consolidated Condensed Financial Statements have been prepared using the same accounting policies and methods of computation as disclosed in the Group’s annual financial report for the financial year ended 30 June 2022 unless otherwise stated in the notes to the Consolidated Condensed Financial Statements.

Going Concern

The condensed interim financial report has been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business.

The consolidated condensed statement of comprehensive income shows that the Group has incurred a net loss after tax for the half-year ended 31 December 2022 of \$1,396,931 (31 December 2021 being a profit of \$2,354,256) and had net cash outflow from operating and investing activities of \$5,336,519 (31 December 2022 \$1,518,433). The consolidated condensed statement of financial position shows that the Group net current liabilities of \$1,000,697 (30 June 2022 net current assets - \$2,594,214) and net assets of \$18,046,663 (30 June 2022 \$18,711,571) as at 31 December 2022.

The Directors are confident that the Group will be able to continue as a going concern and meet its current liabilities as and when they fall due for a period of at least 12 months from the date of signing this condensed interim financial report. In arriving at this position, the Directors have taken into consideration the following:

- The Group has cash and cash equivalents of \$3,985,789 as at the date of approval of the Consolidated Condensed Financial Statements which can be liquidated to fund the Group’s planned exploration and development strategy;
- The Directors have assessed the cashflow requirements for the 12-month period from the date of approval of the Consolidated Condensed Financial Statements and the impact on the Group and believe there will be sufficient funds to meet the Group’s working capital requirements. This includes being able to raise sufficient funding to settle the Aeris liability in accordance with the expected timeline of the decision to mine;
- In the event that the funding of an amount required to meet the future budgeted operational and investing activities of the Group is unavailable, the Directors have the ability to reduce or defer operational and other expenditures, as well as defer the timeline of the decision to mine to preserve liquidity while still meeting minimum obligations pending successful capital raising; and

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 1: CORPORATE INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of Preparation (Continued)

- The Directors have a proven track record of the ability to raise capital to fund the Group’s strategy, and they are confident that the results of the Defined Feasibility Study for the Whim Creek Project will underscore the value to shareholders.

Should the Group not achieve the matters set out above there is significant uncertainty whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of operations and at the amounts stated in the condensed interim financial report. The condensed interim financial report does not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

New or amended Accounting Standards and Interpretations adopted

The Group has considered the implications of new or amended Accounting Standards and Interpretations which have become applicable for the current annual financial reporting period beginning on or after 1 July 2022. It has been determined by the Group that there is no impact, material or otherwise, of the new or amended Accounting Standards and Interpretations and therefore no changes to Group accounting policies. No retrospective change in accounting policy of material reclassification has occurred during the financial year.

New Accounting Standards and Interpretations not yet mandatory or early adopted

The Australian Accounting Standard Board (“the AASB”) has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of these new and amended pronouncements. The Group is currently in the process of assessing the following new and amended Accounting Standards and Interpretations:

<i>New Pronouncement</i>	<i>Effective Date</i>	<i>Application</i>
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current, AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date	1 January 2024	All entities
AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023	All entities
AASB 2021-2 Amendments to Australian Accounting Standards –Disclosure of Accounting Policies and Definition of Accounting Estimates	1 January 2023	All entities

Rounding of amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191, the amounts in the Directors’ report and in the Consolidated Condensed Financial Statements have been rounded to the nearest dollars, or in certain cases, to the nearest one thousand dollar (where indicated).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 1: CORPORATE INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Critical accounting judgements, estimates and assumptions

The preparation of the Consolidated Condensed Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the Consolidated Condensed Financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The Group's significant accounting judgements, estimates and assumptions are consistent with those included within its annual financial report for the year ended 30 June 2022 unless otherwise stated in the notes to the Consolidated Condensed Financial Statements.

Significant judgements, estimates and assumption made by management in the preparation of these consolidated financial statements are found in the following notes:

Note 5 - Other provisions
Note 6 - Financial liabilities
Note 7 - Provision for rehabilitation
Note 8 - Issued capital
Note 10 - Fair value measurement

NOTE 2 – INCOME AND EXPENSES

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$	\$
(i) Other Income		
Interest received	1,094	51
Facility recharge	-	23,592
Unrealised fair value (loss)/gain on financial assets	(91,471)	1,680,599
Realised fair value gain on disposal of financial assets	172,847	1,943,713
	82,470	3,647,955
(ii) Administration Expenditure		
Amortisation and depreciation	130,798	52,991
Listed company expenses	33,530	33,925
Audit and tax	46,354	50,018
Consulting and labour hire	160,104	249,489
Directors' fees, salaries and wages	592,173	325,877
Finance costs	(39,559)	1,267
Foreign exchange movements	(2,759)	(4,127)
Insurance and legal	104,335	67,338
Share based remuneration	159,739	114,698
Rent and outgoings	31,316	26,599
Other	206,843	237,291
	1,422,874	1,155,366

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 3 – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$	\$
Current assets		
Shares in Xantippe Resources Limited – at fair value ⁽¹⁾	228,681	1,143,067
Shares in Predictive Discovery Limited – at fair value ⁽²⁾	-	140,133
Shares in Desert Metals – at fair value ⁽³⁾	-	4,500
	<u>228,681</u>	<u>1,287,700</u>

¹During the half-year, the Group disposed of 117,559,129 shares in Xantippe Resources Ltd for sale proceeds of \$972,933, with 45,736,141 shares remaining as at 31 December 2022.

²During the half-year, the Group disposed of all remaining 700,664 shares of Predictive Discovery Ltd for sale proceeds of \$155,959.

³During the half-year, the Group disposed of all remaining 25,000 shares in Desert Metals Ltd for sale proceeds of \$11,500.

“Fair value” is based on quoted prices in an active market for the identical asset that the Group can access at measurement date. A reconciliation of the fair values at the beginning and end of the half-year is set out below:

Opening fair value	1,287,700
Disposals	(1,140,395)
Realised fair value gain on disposal of financial assets	172,847
Unrealised fair value (loss) on financial assets	(91,471)
Closing fair value	<u>228,681</u>

NOTE 4 – CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE

	31 Dec 2022	30 Jun 2022
	\$	\$
Opening balance	30,517,350	25,540,812
Exploration and evaluation expenditure incurred	2,790,015	4,976,538
Closing balance	<u>33,307,365</u>	<u>30,517,350</u>

The capitalised exploration and evaluation expenditure relates to the Whim Creek Project. The ultimate recoupment of capitalised exploration and evaluation expenditure is dependent on successful development and commercial exploitation of the Whim Creek Project. The amount of exploration and evaluation expenditure incurred in the half-year to 31 December 2022 includes \$38,241 capitalised borrowing costs (31 Dec 2021: \$Nil).

NOTE 5 – OTHER PROVISIONS

	31 Dec 2022	30 Jun 2022
	\$	\$
Provision for Aeris liability	<u>3,386,089</u>	<u>3,401,276</u>

In accordance with the terms of the Whim Creek JV Agreement, the Group assumes all the liabilities arising out of, or in connection with, the Aeris Contract once the Group holds at least 70% interest in the Whim Creek Project. As the Group currently holds an 80% participating interest in the Whim Creek Project, the Group is solely responsible for the settlement of this liability.

The obligation amounts to \$3,500,000 in cash and becomes due and payable upon an announcement of intention to commence mining operations on any of the tenements held by the Group, within 100km of Whim Creek. As this

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

5 – OTHER PROVISIONS (CONTINUED)

announcement is expected to be made within the next twelve months, the liability has been recognised as a current liability and measured at the present value of the expected cash outflow.

During the half-year, the following changes in assumption were made, which resulted in a net decrease in the present value of the expected cash outflow as at 31 December 2022:

- The estimated date of the announcement to commence mining operations was moved back to June 2023 (previously December 2022)
- A discount factor of 7% was used (previously 5.84%) being the Group's current estimated weighted average cost of capital.

NOTE 6 – FINANCIAL LIABILITIES

		Consolidated	
		31 Dec 2022	30 Jun 2022
		\$	\$
Current Liabilities			
Deferred payment to Develop Global Limited	(a)	960,858	986,586
Interest-bearing borrowings	(b)	773,520	-
		<u>1,734,378</u>	<u>986,586</u>
Non-current Liabilities			
Deferred payment to Develop Global Limited	(a)	911,141	1,820,517
Interest-bearing borrowings	(b)	1,134,641	-
		<u>2,045,782</u>	<u>1,820,517</u>

(a) Deferred consideration for acquisition of the Whim Creek Project

As per the terms of the Whim Creek JV Agreement, the Group is required to pay Develop Global Limited ("Develop") \$1,000,000 in cash on the 2nd, 3rd and 4th anniversary of the Effective Date, (6 October 2020, when all conditions precedent were met). This liability was initially valued at fair value using a discount rate of 5.84% being the Group's estimated Weighted average cost of borrowing at that time and then remeasured at amortised cost at each subsequent reporting date.

	Discount rate	Amount (\$)	Amortised cost (\$)
Current liabilities			
Payment due on 6 October 2023	5.84%	1,000,000	960,858
Non-current Liabilities			
Payment due on 6 October 2024	5.84%	1,000,000	911,141
			<u>1,871,999</u>

(b) Interest-bearing borrowings

On 8 December 2022, the Group secured short-term and long-term interest-bearing unsecured loans totalling \$2,500,000 ("the Loan Funds") from one of its major shareholders, Jetosea Pty Ltd.

- The Loan Funds have various terms from 1 year to 2 years and are to be used by the Group principally to fund development of the Whim Creek Project.
- Interest on the Loan Funds is payable by the Group on a quarterly basis in arrears, at the rate of 6% per annum.
- 30,000,000 unlisted Company equity options were issued to Jetosea Pty Ltd pursuant to the loan agreement. The options were valued at \$540,658 at grant date using the Black Scholes valuation method.

The Loan Funds were initially measured at fair value net of transaction and borrowing costs on 13 December 2022, being the date the Loan Funds were received. A discount rate of 7% was used to calculate fair value, being the Group's estimated

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 6 – FINANCIAL LIABILITIES (CONTINUED)

current weighted average cost of capital. Thereafter the Loan Funds are measured at amortised cost at each reporting date.

	Discount rate	Amount (\$)	Amortised cost (\$)
Current liabilities			
Payment due 13 December 2023	7%	1,000,000	<u>773,520</u>
Non-current Liabilities			
Payment due 13 December 2024	7%	1,500,000	<u>1,134,641</u>
			<u>1,908,161</u>

NOTE 7 – PROVISION FOR REHABILITATION

The Group is liable for the costs to rehabilitate the existing Whim Creek mine site in accordance with the approved Mine Closure Plan approved in 2008. The rehabilitation costs are estimated and held on the consolidated condensed statement of financial position as a non-current liability.

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$	\$
Rehabilitation of existing Whim Creek mine site	<u>12,790,504</u>	<u>13,171,792</u>

There has been no material additional disturbance to the site since the Group acquired the Whim Creek Project.

During the half-year, the following changes in assumptions were made, which resulted in a net decrease in the present value of the expected cash outflows as at 31 December 2022:

- The estimated Mine Closure date was moved back to Q3 2031 (previously Q1 2030), assuming commencement of mining in late 2024 and a seven-year expected mine life.
- Future cashflows were estimated based on CPI of 2.45 % (previously 2.30%), being the RBA quarterly break-even 10-year inflation rate
- A discount factor of 3.88% was applied (previously 1.52%), being the RBA published quarterly Commonwealth Government 10-year bond rate.

NOTE 8 – ISSUED CAPITAL

(a) Ordinary Share Capital

	Consolidated			
	31 Dec 2022	30 Jun 2022		
	\$	\$		
409,394,827 (June 2022: 405,628,160) fully paid ordinary shares	<u>48,987,531</u>	<u>48,886,055</u>		
Dec 2022	Number	Issue Date	Issue Price	Share Capital
			\$	\$
Balance at 1 July 2022	405,628,160	-	-	48,886,055
Options exercised	766,667	10 Nov 2022	0.045	34,500
Options exercised	-	10 Nov 2022	-	8,050
Performance rights exercised - Director	3,000,000	12 Dec 2022	-	61,800
Share issue costs	-			(2,873)
Balance at 31 Dec 2022	<u>409,394,827</u>			<u>48,987,531</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 8 – ISSUED CAPITAL (CONTINUED)

Dec 2021	Number	Issue Date	Issue Price \$	Share Capital \$
Balance at 1 July 2021	350,183,890			44,658,050
Options exercised	2,700,000	7 Dec 2021	0.0450	128,251
Share based payment fees	768,726	7 Dec 2021	0.0780	63,053
Share based payment fees	2,819,500	7 Dec 2021	0.0710	200,000
Cost of share issue	-	-	-	(3,398)
Balance at 31 Dec 2021	356,472,116	-	-	45,045,955

	31 Dec 2022 \$	30 Jun 2022 \$
(b) Share Based Payment Reserves	7,049,418	6,424,571

The Share based payment reserve records items recognised as expenses or cost of share issue on valuation of share options and performance rights.

Dec 2022	Number	Expiry Date	Ex Price	\$
Balance at 1 July 2022	64,050,000			6,424,571
Unlisted Options exercised 7 Nov 2022	(766,667)	02 Oct 2023	0.045	(8,050)
Unlisted Options expired without vesting	(2,700,000)	10 Dec 2022	0.069	(5,700)
Unlisted Options issued 13 Dec 2022	15,000,000	13 Dec 2024	0.08	216,263
Unlisted Options issued 13 Dec 2022	15,000,000	13 Dec 2025	0.12	324,395
Performance rights exercised 10 Dec 2022	(3,000,000)	10 Dec 2022	-	(61,800)
Expense recognised for the half-year relating to performance rights issued in previous periods	-	-	-	64,565
Change in valuation for the half-year for performance rights issued in prior periods	-	-	-	95,174
Balance at 31 Dec 2022	87,583,333			7,049,418

(c) Terms and Conditions, and fair value of options issued in the half-year to 31 Dec 2022:

Grant date	13 Dec 2022	13 Dec 2022
Expiry date	13 Dec 2024	13 Dec 2025
Vesting date	Immediately	Immediately
No. options	15,000,000	15,000,000
No. options vested & exercisable	Nil	Nil
Dividend yield (%)	Nil	Nil
Expected volatility (%)	76	76
Risk free interest rate (%)	3.10	3.10
Exercise price (\$)	0.08	0.12
Expected life of options (years)	2	3
Share price at grant date (\$)	0.056	0.056
Value per option (\$)	0.0181	0.0180
Total value (\$)	271,281	269,377
Vesting conditions note	N/A	N/A

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 8 – ISSUED CAPITAL (CONTINUED)

(d) Share based payments

During the half-year, an expense of \$159,739 was recognised in the consolidated condensed statement of comprehensive income (Dec 2021: 114,698) relating to performance rights that were issued to employees and Directors in the previous period but which remain unvested as at 31 December 2022. The expense comprised \$64,565 relating to performance rights issued in previous periods and a further \$95,174 relating to the change in assessed probability in the half- year of performance hurdles for performance rights issued in prior periods.

NOTE 9 – SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Group operates in a single segment being mineral exploration and evaluation within Australia.

NOTE 10 – FAIR VALUE MEASUREMENT

Fair value hierarchy

The following tables detail the Group’s assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the assets or liability.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Consolidated – 31 December 2022				
<i>Assets</i>				
Financial assets at fair value through profit or loss	228,681	-	-	228,681
Total assets	228,681	-	-	228,681
<hr/>				
Consolidated – 30 June 2022				
<i>Assets</i>				
Financial assets at fair value through profit or loss	1,287,700	-	-	1,287,700
Total assets	1,287,700	-	-	1,287,700

There were no transfers between levels during the half year.

The carrying amounts of trade and other receivables, trade and other payables, and other financial assets and liabilities are assumed to approximate their fair value.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 11 – CONTINGENT LIABILITIES

The agreement with Develop Global Limited (“Develop”) includes a contractual right held by Develop to a 20% percentage of operating profit from Whim Creek Project, equivalent to their 20% participating interest at the date of decision to mine. This right is akin to a percentage net smelter royalty return on the project net of proportionate funding of the development cost. The value of this potential liability cannot be estimated reliably at the current reporting date.

Other than as stated above, there are no material contingent liabilities or contingent assets as at the reporting date.

NOTE 12 – COMMITMENTS

a) Mineral tenements

The Group has certain minimum obligations in pursuance of the terms and conditions of tenement licences in the forthcoming year. To maintain the mineral tenements in which the Group and other parties are involved, the Group is committed to fulfil the minimum annual expenditure conditions under which the tenements are granted. The minimum estimated expenditure requirements in accordance with the requirements of the Western Australian Department of Mines and Petroleum for the next financial year are:

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
Up to 1 year	425,900	466,900
Between 1 and 5 years	1,505,600	1,629,600
Later than 5 years	2,611,200	2,748,800
	<u>4,617,200</u>	<u>4,845,300</u>

These requirements are expected to be fulfilled in the normal course of operations and may be varied from time to time subject to approval by the grantor of titles. The estimated expenditure represents potential expenditure which may be avoided by relinquishment of tenure.

NOTE 13 – RELATED PARTIES

Nexus Bonum Pty Ltd, a company of which Geoff Laing is a Director, delivered engineering consulting services to the Company, for which \$248,692 plus GST was incurred (31 Dec 2021: \$144,037).

Grange Consulting Services Pty Ltd, a company of which Philip Warren is a Director, delivered corporate advisory services for which \$24,000 plus GST was paid during the half-year (31 Dec 2021: \$21,000 plus GST), and Company Secretarial services for which \$40,978 plus GST was paid during the half-year (31 Dec 2021: \$41,248 plus GST).

During the half-year, Holiho Consulting Pty Ltd, a company of which Phillip Jackson is a Director, delivered legal consulting fees, and was paid \$18,000 plus GST for these services (31 Dec 2021: \$18,000 plus GST).

In the prior year, the Group provided office facilities and overheads to Xantippe Resources Limited (a company of which Phillip Jackson is a Director) by means of a Facilities agreement. During the half-year to 31 December 2022, there were no such services provided (31 Dec 2021: \$19,660 plus GST)

All transactions with related parties are on commercial terms.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 14 – MATTERS SUBSEQUENT TO THE END OF THE HALF-YEAR

On 20 January 2023 the Group received \$282,311 from the Australian Tax Office related to the Group's refundable R&D offset claim for the financial year ended 30 June 2022. R&D revenue is recognised when there is reasonable assurance that the grant will be received, which is taken to be on receipt of the grant.

The Directors are not aware of any other matters or circumstances that have arisen since the end of the half-year which significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

DIRECTORS' DECLARATION

31 December 2022

In the opinion of the Directors:

1. The Consolidated Condensed Financial Statements and notes, as set out within this financial report, are in accordance with the *Corporations Act 2001* including:
 - a. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - b. giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year then ended.
2. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Geoff Laing
DIRECTOR
Perth, 08 March 2023

ANAX METALS LIMITED
ABN 46 106 304 787

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF ANAX METALS LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Anax Metals Limited, (the "Company") and its controlled entities (the "Group"), which comprises the consolidated condensed statement of financial position as at 31 December 2022, the consolidated condensed statement of comprehensive income, consolidated condensed statement of changes in equity and consolidated condensed statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Anax Metals Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* ("ASRE 2410"). Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the "Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material Uncertainty Related to Going Concern

We draw attention to Note 1a to the half-year financial report which indicates that the Group incurred a net loss of \$1,396,931 during the half-year ended 31 December 2022 (31 December 2021: Profit of \$2,354,256) and had net cash outflows from operating and investing activities of \$5,336,519 (31 December 2021: \$1,518,433), and as of that date, the Group had net current liabilities of \$1,000,697 (30 June 2022: net current assets of \$2,594,214) and net assets of \$18,046,663 (30 June 2022: \$18,711,571). As at the date of this report there is a material uncertainty that the Group can meet its administrative and other committed expenditure for a period of at least the next 12 months. These conditions, along with other matters as set forth in Note 1a to the half-year financial report, indicate that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibility of the Directors for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

ANAX METALS LIMITED
ABN 46 106 304 787

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF ANAX METALS LIMITED**

Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Pitcher Partners BA&A Pty Ltd

PITCHER PARTNERS BA&A PTY LTD

Michael Fay

MICHAEL FAY
Executive Director
Perth, 8 March 2023

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF ANAX METALS LIMITED AND ITS CONTROLLED ENTITIES**

In relation to the independent auditor's review for the half-year ended 31 December 2022, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of Anax Metals Limited and the entities it controlled during the period.

Pitcher Partners BA&A Pty Ltd

PITCHER PARTNERS BA&A PTY LTD

Michael Fay

MICHAEL FAY
Executive Director
Perth, 8 March 2023